

1 **Q. PLEASE STATE YOUR NAME, TITLE AND QUALIFICATIONS.**

2 **A.** My name is C. Michael Pfau. My business address is 295 North Maple Avenue,
3 Basking Ridge, New Jersey 07920. I have a Bachelors of Science degree in
4 Mechanical Engineering and a Master of Business Administration, both from
5 Drexel University. I have a Professional Engineering license from the state of
6 Pennsylvania.

7 I am employed by AT&T Corp. and serve as Division Manager in the Law
8 and Public Policy Division. My responsibilities include developing public policy
9 as it relates to interconnection with incumbent local exchange carriers (“ILECs”)
10 and the use of unbundled network elements that ILECs are obligated to provide
11 under the Telecommunications Act of 1996 (“the Act”), and commissions’ rules
12 implementing the Act. In that capacity I am required to understand the
13 operational needs of the various AT&T business units so that their interests are
14 reflected in the policy positions taken by AT&T. I also help those units
15 understand how provisions of the Act and the Commission’s rules affect their
16 business plans. Since 1997, I have participated in developing the comments that
17 AT&T has filed in most of the Federal Communications Commission’s dockets
18 addressing unbundled network elements, interconnection and building access,
19 such as CC Dockets Nos. 96-98, 98-147 and 99-217. I have also supported
20 AT&T’s positions in *ex parte* meetings and through direct testimony in various
21 state proceedings.

1 ISSUE III.6. Under the FCC's Rules as currently in effect, must Verizon provide to
2 AT&T new combinations of UNEs that Verizon ordinarily combines for
3 itself, and under what rates terms and conditions must it provide them?

4 **Q. WHICH ISSUE ARE YOU ADDRESSING IN THIS SECTION OF YOUR**
5 **TESTIMONY?**

6 **A.** This section of my testimony focuses on Issue III.6, pertaining to Verizon's
7 obligation, under the Commission's rules as currently in effect, to provide to
8 AT&T new combinations of UNEs that Verizon ordinarily combines for itself.
9 Specifically, I will describe my understanding of Verizon's obligations regarding
10 such new combinations, AT&T's proposed interconnection agreement language
11 regarding such combinations, and the reasons why such combinations are critical
12 to AT&T's ability to compete for Virginia's local exchange customers.

13 **Q. WHAT IS YOUR UNDERSTANDING OF THE BASIS ON WHICH**
14 **VERIZON IS REQUIRED TO OFFER NEW UNE COMBINATIONS IN**
15 **VIRGINIA THAT IT ORDINARILY COMBINES FOR ITSELF?**

16 **A.** AT&T is not asking this Commission to rewrite existing rules on "currently
17 combine[d]" UNEs. Rather, AT&T is asking this Commission to clarify that the
18 "currently combine[d]" standard, as used in the Commission's rules, includes
19 such UNEs as are ordinarily, commonly or regularly combined in Verizon's
20 network, whether or not they are actually combined for the particular customer or
21 location that AT&T seeks to serve. AT&T is not addressing those combinations
22 that are novel, or not ordinarily combined by Verizon in its network.

23 The need for this clarification stems from the Eight Circuit's wholly
24 artificial distinction between network elements that the incumbent "currently
25 combines," and those that are not "ordinarily combined." That distinction
26 between novel and ordinary combinations has given rise to disputes over whether

1 UNE requests are for combinations that are “new” or “old,” or for UNEs that are
2 “commonly” or “not commonly” combined in Verizon’s network. Under the
3 Eighth Circuit’s holding, the rights of AT&T to obtain UNE combinations turns
4 on these meaningless differences. A resolution of this dispute hinges in part on a
5 legal analysis of the Act and the Commission’s rules as currently formulated, and
6 I will leave it to the lawyers to brief the arguments.

7 However, there are practical, competitively important factual
8 considerations that also affect the Commission’s analysis. AT&T asks the
9 Commission to determine whether it is in the best interests of Virginia consumers
10 for Verizon to provide UNEs in ways that go beyond the literal -- and cramped --
11 interpretation of the Commission’s rules advocated by Verizon. As I understand
12 it, a state commission (and in this case, the Commission acting in the Virginia
13 Commission’s stead) may impose obligations above and beyond those contained
14 in the Commission’s regulations. The Commission’s regulations are the *floor*, not
15 *the ceiling*, of what a state commission may require in regard to the UNEs and
16 UNE combinations that an ILEC should be obligated to provide, in order to foster
17 competition in a state.¹ Based on the record developed in this proceeding, if the
18 Commission finds that Virginia would be best served by requiring Verizon to
19 provide UNEs which are, for example, ordinarily combined, although not

¹ See 47 C.F.R. § 51.317(d). The U.S. Court of Appeals for the Ninth Circuit ruled, in its decision in *US West Communications v. MFS Intelenet, Inc.* (193 F.3d 1112, 1121 (1999)), that “network elements may be leased in discrete parts, but ‘does not say, or even remotely imply, that elements must be provided only in this fashion and never in combined form.’” (*quoting* the US Supreme Court’s decision in *AT&T Corp. v. Iowa Utils. Bd.*, 525 U.S. 366, 119 S.Ct. 721, 737 (1999)).

1 necessarily “currently combined,” the Commission may do so, because AT&T is
2 not seeking a ruling on novel combinations of UNEs in this proceeding, but only
3 on those combinations that are ordinarily combined.

4 **Q. PLEASE DESCRIBE AT&T’S PROPOSED INTERCONNECTION**
5 **AGREEMENT LANGUAGE REGARDING UNE COMBINATIONS.**

6 **A.** In light of the Arbitrator’s request at the status conference of July 10, 2001, for
7 the parties to rephrase the issues subject to Verizon’s Motion to Dismiss to
8 account for existing law, the interconnection agreement language as set forth in
9 Section 11.7.4 of the current draft agreement is too vague. It will lead to
10 ambiguities that will allow VZ to restrict the availability of new UNE
11 combinations based on its interpretation of current law. New language needs to
12 be inserted in its place, as follows:

13 In addition to the Combinations of Network Elements furnished by
14 Verizon to AT&T hereunder, Verizon shall combine or Verizon
15 shall permit AT&T to combine any Network Element or Network
16 Elements provided by Verizon with another Network Element,
17 other Network Elements or other services (including Access
18 Services) obtained from Verizon or with compatible network
19 components provided by AT&T or provided by third parties to
20 AT&T to provide telecommunications services to AT&T, its
21 affiliates and to AT&T Customers. Verizon agrees to provide such
22 combinations, subject only to charges for the direct economic cost
23 of efficiently providing such combinations, if Verizon provides the
24 same or similar combination of equipment, facilities and
25 operational support that delivers functionality reasonably
26 equivalent to the functionality to its own retail operations, an
27 affiliate or other unaffiliated carrier. For those combinations
28 requested by AT&T that Verizon asserts it does not ordinarily
29 combine, Verizon may elect either to provide the combination,
30 subject only to charges for the direct economic cost of providing
31 the requested combination, or provide AT&T, or its duly
32 authorized agent, with the access necessary for AT&T both to
33 make the combination and to deliver service to its customer(s), in a
34 timely manner. Verizon may only refuse to make or permit a
35 combination if it can prove the combination represents a serious

1 hazard to the operation of Verizon's network or personnel. Such a
2 claim of potential harm and written substantiation of the basis and
3 any other basis for Verizon's objection must be provided to AT&T
4 within a reasonable time of AT&T's initial request for the
5 combination. If the parties fail to agree on whether the
6 combination must be provided, either party may subject the issue
7 to binding arbitration.

8 When AT&T requests that Verizon either combine contiguous
9 unbundled Network Elements or combine non-contiguous
10 unbundled Network Elements in a manner different than that
11 contemplated in this agreement, or in any previous Bona Fide
12 Request from AT&T or any other Telecommunications Carrier,
13 such request shall be handled through the Bona Fide Request
14 process.

15 **Q. HOW HAS VERIZON RESPONDED TO AT&T'S PROPOSALS**
16 **REGARDING COMBINATIONS?**

17 **A.** I understand Verizon's position to be that AT&T is free to combine network
18 elements itself, and that Verizon will allow AT&T access to currently combined
19 elements "in the instance requested by the CLEC."² I interpret that to mean that
20 Verizon will provide combinations of UNEs only where UNEs are actually
21 combined and in service, such as a customer's first POTS line. This interpretation
22 comports with Verizon's statement that "Verizon will not offer any particular
23 combination if it is not legally required to do so."³ Verizon asserts that current
24 law does not require it to provide combinations "that are not ordinarily combined
25 in Verizon's network."⁴ Specifically, Verizon states that "for UNE-P, service that
26 is considered currently combined is a loop-port combination already combined at

2 Verizon Reply to AT&T at 3-4.

3 *Id.*

4 *Id.* at 3.

1 a particular location. For EELs, service that is considered combined is a loop
2 transport combination already combined at a particular location.”⁵

3 **Q. PLEASE EXPLAIN WHY AT&T NEEDS UNE COMBINATIONS TO**
4 **SERVE THE VIRGINIA TELECOMMUNICATIONS MARKET.**

5 **A.** The use of Verizon’s network elements and combinations is essential to allow
6 AT&T to provide a broader array of telecommunications services to customers in
7 these areas. If AT&T gains reasonably nondiscriminatory use of Verizon’s
8 network elements and combinations, AT&T’s coverage for traditional local
9 services (residential and business POTS) will match that of Verizon in Virginia.
10 Without use of Verizon’s network elements or combinations, AT&T will remain
11 unable –both technically and economically – to provide telecommunications
12 services ubiquitously over the broad geographic area currently served by Verizon
13 in Virginia.

14 However, Verizon seeks to limit AT&T’s use of UNE combinations to
15 those combinations that are literally “currently combined” and providing services.
16 This effectively *precludes AT&T from providing new lines to existing customers*
17 *and from providing services to new customers when they move into a new home,*
18 *although in both circumstances Verizon would be able to do so.*⁶ Thus, the

5 *Id.* at 3-4. Verizon is wrong to assert that EELs are only available if “already combined at a particular location.” Verizon is obligated under the Commission’s rules to provide EELs whenever it asserts the right to cease providing the unbundled local switching element at TELRIC rates for a customer location in the top 50 MSAs. I address this point in my testimony on Issue III.9.

6 *See* Verizon’s Reply to AT&T 3.3: “Verizon Virginia will not provide AT&T combinations of UNEs to serve locations where Verizon Virginia must build new facilities, because such new facilities are, by definition, not ‘currently combine[d]’ in Verizon Virginia’s network.” This was in response to the question whether Verizon

1 practical implication of Verizon's interpretation of applicable law is that AT&T is
2 forbidden to serve certain groups of customers via UNE combinations. Such
3 restrictions serve to only thwart local competition in Virginia.⁷ Verizon's
4 position also would deny AT&T access to the rapidly expanding and lucrative
5 demand for second lines by residential customers.⁸ Given Verizon's position that
6 new or second lines would be unavailable to AT&T using UNE combinations, the
7 set of potential customers to whom AT&T could provide service using a
8 combination of UNEs is further reduced.

9 **Q. HOW DOES VERIZON'S SEVERELY RESTRICTIVE**
10 **INTERPRETATION OF "CURRENTLY COMBINE[D]" HINDER**
11 **AT&T'S ABILITY TO COMPETE?**

12 **A.** Fundamentally, Verizon relies on meaningless legal distinctions as cover for its
13 anticompetitive acts that deny AT&T the ability to provide competing local
14 exchange service to customers. There is no basis in the Act or the Commission's
15 rules to support Verizon's cramped interpretation of the "currently combine[d]"
16 language.

Virginia will "permit AT&T to serve brand new locations (e.g., new apartment complexes or subdivisions) through UNE combinations."

7 For example, a U.S. Census Bureau report based on the Bureau's March 2000 Current Population Survey indicates that over 43 million Americans (or 15% of the U.S. population) moved between March 1999 and March 2000 and that 76% of those that moved relocated within the same state. As such, Verizon's insistence that it need not provide combinations of UNEs for so-called "new" local service will preclude AT&T from serving a large base of customers via combinations of UNEs. See U.S. Census Bureau Report titled "Geographical Mobility—Population Characteristics: March 1999 to March 2000," issued May 2001. <http://www.census.gov/prod/2001pubs/p20-538.pdf>.

8 See the FCC's "Trends in Telephone Service" Report released December 2000 at 8-1, stating that "in recent years, the growth in lines has increased as households have added additional lines" and further stating that "the percentage of additional lines for households with telephone services has increased dramatically, from about 3% in 1988 to about 29% in 1999."

1 Several examples illustrate the problem. First, if Verizon serves a customer
2 in a house, apartment, or place of business, using a combination of network
3 elements, and the customer vacates the premises, Verizon would deny AT&T's
4 request to serve the new occupier of the premises using a combination of UNEs
5 (provided as a combination rather than separate UNEs), even though the facilities
6 used to supply service to the customer at that location are the same connected
7 network elements that Verizon would use to supply service to the previous
8 occupier of the premises.

9 Second, if AT&T serves a customer in a house, apartment or place of
10 business (using a combination of network elements purchased by AT&T from
11 Verizon), and the customer desires an additional line to the premises – for a
12 family member, a home office, Internet access, or any other reason – Verizon
13 would deny that it is required to provision the additional line as a combination of
14 UNEs, even though all of the needed facilities are in place. On the other hand,
15 Verizon would provide service to the same customer with precisely the same
16 facilities. A substantial number of customers now order second lines into their
17 homes, and any carrier that cannot efficiently provision additional lines will be
18 under a substantial competitive disadvantage. However, sometimes the second
19 local loop will not be hooked up to either the incumbent's switch or the
20 customer's premises until the customer places an order for the second line.
21 Verizon asserts that it has no duty to "combine" those network elements if the
22 customer orders service from AT&T, even though the Verizon routinely combines

1 the very same elements for itself whenever one of its customers places such an
2 order.

3 Third, if AT&T desires to supply service to a home, apartment, or place of
4 business where no service (dial tone) is currently supplied by Verizon, but where
5 network facilities exist such that Verizon could do so upon request, Verizon
6 would deny AT&T's request to serve the premise or location.⁹ This Verizon
7 interpretation of the Commission's rules would preclude AT&T from serving any
8 new home, subdivision or business park.

9 **Q. HAVE OTHER STATE COMMISSIONS RULED THAT "CURRENTLY**
10 **COMBINE[D]" INCLUDES "ORDINARILY COMBINED" IN AN ILEC'S**
11 **NETWORK?**

12 **A.** Yes. The Georgia Commission found that the proper reading of "currently
13 combines" means network elements that are "ordinarily combined within their
14 [BellSouth's] network, in the manner in which they are typically combined."¹⁰
15 This means that once a combination has been determined to be ordinarily
16 combined in the ILEC's network anywhere, it should be provided in its combined
17 form everywhere, at the rates established by the Commission for the unbundled
18 network element combination in question. The Georgia Commission's
19 interpretation of the Act permits AT&T to serve any customer who chooses
20 AT&T for local service, contrary to Verizon's cramped interpretation.

9 Verizon Reply to AT&T 3-4.

10 *In re: Generic Proceeding to Establish Long-Term Pricing Policies for Unbundled Network Elements*, Docket No. 10692-U (Feb. 2, 2000) ("Georgia UNE decision").

1 Other state commissions, facing this same issue, have also interpreted
2 “currently combines” to mean “ordinarily combined” in the ILEC’s network. For
3 example, the Tennessee Regulatory Authority held as follows:

4 Consistent with the Supreme Court’s reinstatement of FCC Rule
5 351(b) and the standing definition of “currently combines” in the
6 FCC’s first report and order, *I move to define the term “currently*
7 *combines” to include any and all combinations that BellSouth*
8 *currently provides to itself anywhere in its network* thereby
9 rejecting Bellsouth’s position that the term means already
10 combined for a particular customer at a particular location. This
11 definition is consistent with our decisions on EELs, enhanced
12 extended links, in Docket No. 99-00377, which was the
13 BellSouth/ICG Arbitration.¹¹

14 The Michigan PSC reached the same conclusion in a § 271 compliance
15 proceeding.¹² It found that Ameritech Michigan’s definition of “currently
16 combined” — similar in effect to Verizon’s definition — was overly narrow and
17 discriminatory. The Michigan Commission ruled that:

18 [D]efining existing UNE-P and EEL combinations to include those
19 configurations that Ameritech Michigan “ordinarily combines” is more
20 persuasive than Ameritech Michigan’s definition. Ameritech Michigan’s
21 position would permit it to withhold from CLECs the types of UNE
22 combinations that it routinely assembles to provide service to its own
23 retail customers. To accept a definition as restrictive as this would confer
24 an unfair advantage on Ameritech Michigan by allowing it to leverage its
25 control of telephone network facilities in competing with CLECs to fulfill
26 routine requests for retail service. As a matter of policy, the objective of
27 promoting local competition in Michigan would not be well served by this
28 definition. The Commission finds that Ameritech Michigan should define
29 and provide for existing combinations in both its tariff and [its proposed
30 standard contractual amendment to existing interconnection agreements]

11 Intermedia/BellSouth Arbitration Hearing, Transcript at 7-8. (Emphasis added).

12 *In the matter, on the Commission’s own motion, to consider AMERITECH MICHIGAN’s compliance with the competitive checklist in Section 271 of the federal Telecommunications Act of 1996*, Case No. 12320, Opinion and Order (Jan. 4, 2001), at 9-10.

1 to include the types of situations encompassed by the CLECs' "ordinarily
2 combined" standard.

3 **Q. WHAT IS THE RELEVANCE OF THESE OTHER STATE RULINGS TO**
4 **THIS ARBITRATION?**

5 **A.** Simply this: The Commission stands in the shoes of the Virginia State
6 Corporation Commission in this arbitration and as such, the Commission is fully
7 empowered to resolve the issues as is the Virginia State Corporation Commission.
8 Like the Georgia, Tennessee and Michigan commissions, the Commission should
9 rule in this arbitration that the Commission's current rules should be interpreted
10 consistent with the pro-competitive objectives of the Act. The Commission
11 should reject the literal, cramped interpretation of the Commission's rules that
12 Verizon advocates.

13
14 **ISSUE III.7.** Does Verizon have the right to impose operational requirements, in
15 addition to the interim use restrictions on the conversion of special access
16 to UNE combinations prescribed by the Commission, that further limit
17 AT&T's ability to connect a UNE or UNE combination to other services,
18 such as the retail and wholesale offerings of Verizon?

19 **Q. WHICH ISSUE ARE YOU ADDRESSING IN THIS SECTION OF YOUR**
20 **TESTIMONY?**

21 **A.** This section focuses on Issue III.7, the conversion of special access services to
22 UNEs under the Commission's interim rules, and sub-issues III.7.A, B and C,
23 dealing with the operational issues that AT&T asks the Commission to resolve.

24 The legality and policy implications of continued restrictions upon
25 converting special access services to UNE combinations are currently being
26 considered by the Commission and, hopefully, a decision will soon be released.
27 AT&T believes that such restrictions simply serve to enrich the ILEC at the
28 expense of local competition. Rather than argue the case against the current

1 restrictions upon converting special access services to UNE combinations in this
2 arbitration, it is appropriate and necessary to address the operational roadblocks
3 that have made it—or may make it—impossible for AT&T to obtain from
4 Verizon even the special access conversions to UNEs that AT&T is entitled to
5 under the Commission's current rules.

6 Primary among the issues appropriate for resolution within the arbitration
7 are the following operational details related to converting special access
8 configurations to UNE combinations:

- 9 a. Modification to the physical configuration of the special circuit/UNE
10 combination should only occur when requested by AT&T;
- 11 b. Conversion of an access service to a UNE combination should not result in
12 degradation of operational support provided for the UNE combination
13 compared to the previous special access service configuration;
- 14 c. The process to convert access services to UNE combinations should not
15 interject needless cost or unduly delay the desired conversion;
- 16 d. Verizon's failure to act should not delay the effective date of charges for
17 UNE combinations; and
- 18 e. Conversion of access services to UNE combinations should not be limited
19 by inappropriate application of term or volume liabilities reflected in the
20 access service pricing plan.

21 **Q. WHY MUST OPERATIONAL CONSIDERATIONS RELATED TO**
22 **CONVERTING SPECIAL ACCESS CONFIGURATIONS TO UNE**
23 **COMBINATIONS BE ADDRESSED NOW?**

24 **A.** Unless the Commission modifies its policy so as to totally prohibit any
25 conversion, the operational procedures necessary to convert special access
26 configurations to UNE combinations must be clearly established through the

1 interconnection agreement. There is no question that the current certification
2 process or “safe harbor” provisions drastically reduce the number of
3 configurations that can practically be converted. Nevertheless, for these few
4 remaining configurations, a conversion process is still required. Furthermore, if
5 the current use restrictions are lifted in totality, or the safe harbor provisions are
6 modified to reflect more practical requirements for certification, a conversion
7 process would become more critical, especially given the probability that such
8 modification(s) would lead to increased volumes of conversions. The question to
9 be addressed in this arbitration is not whether AT&T may convert qualifying
10 configurations – that right is clearly established. Instead the issue is whether
11 Verizon’s opposition to provisions in the language submitted by AT&T governing
12 service conversion to UNE combinations reflects further—and unreasonable—
13 limitations upon AT&T’s ability to employ UNE combinations. My testimony
14 will show that AT&T’s proposed language is reasonable, consistent with prior
15 Commission orders and the Act and, most importantly, prevents potential abuses
16 by Verizon that impede AT&T’s ability to compete.

17 **Q. DO YOU PROPOSE ANY MODIFICATION TO THE PROVISIONS**
18 **GOVERNING CONVERSIONS OF SERVICES TO UNE**
19 **COMBINATIONS AS REFLECTED IN LANGUAGE PREVIOUSLY**
20 **SUBMITTED TO VERIZON?**

21 **A.** Yes. Based on the request of the Arbitrator at the pre-hearing conference, the
22 issue related to conversion of services to UNE combinations was restated to avoid
23 re-litigation of the use restriction itself. The restatement of this issue is a
24 recognition by the Commission and parties that the Commission is already
25 considering the issue in a different forum, notwithstanding the fact that the

1 Commission is hearing this case in its capacity of assuming the jurisdiction (and
2 concomitant rights and responsibilities) of the Virginia State Corporation
3 Commission.

4 While AT&T agrees not to re-litigate whether use restrictions are
5 permissible, its proposal, if accepted, eliminates to a large degree any changes
6 necessary from a “change of law” following a Commission decision on use
7 restrictions. Applicability of use restrictions is long over-due for resolution and
8 there is no justification to permit the ILEC, in this case Verizon, to garner further
9 monopoly profits by delaying implementation at the state level following a
10 decision by the Commission. As a result, I propose the language to § 11.13.1 of
11 the interconnection agreement previously submitted be modified in a very
12 targeted manner. Specifically, the following italicized phrase should be added:

13 “11.13.1 Verizon shall permit AT&T to substitute unbundled
14 Network Elements (including Combinations) providing identical
15 functionality for any services, including but not limited to access
16 service, *except as explicitly provided by Commission rule or order*
17 *in effect on the date and time the order for conversion is*
18 *submitted.”*
19

20 This simple change should eliminate any need for lengthy negotiations following
21 Commission resolution of the applicability of use restrictions.
22

1 SUB-ISSUE III.7.A. Where AT&T requests that existing services be replaced by UNEs
2 and/or UNE Combinations, may Verizon physically disconnect,
3 separate, alter or change in any other fashion the equipment or
4 facilities that are used, without AT&T's consent?

5
6 **Q. WHERE AT&T REQUESTS THAT EXISTING SERVICES BE**
7 **REPLACED BY UNES AND/OR UNE COMBINATIONS, SHOULD**
8 **VERIZON BE ALLOWED TO PHYSICALLY DISCONNECT,**
9 **SEPARATE, ALTER OR CHANGE IN ANY OTHER FASHION THE**
10 **EQUIPMENT OR FACILITIES THAT ARE USED, WITHOUT AT&T'S**
11 **CONSENT?**

12 **A.** No. The physical disruption of combined elements is not permitted under existing
13 Commission rules. In Issue 178 (page 90) of Verizon's Answer to AT&T's
14 Petition, Verizon states that "Verizon VA recognizes that FCC rule 51.315(b)
15 provides 'Except upon request, an Incumbent LEC shall not separate network
16 elements that the Incumbent LEC currently combines.'" It is therefore difficult to
17 understand why Verizon claims that AT&T's language "ignores reality."¹³

18 **Q. ARE THERE ANY DIFFERENCES BETWEEN THE LOOPS AND**
19 **TRANSPORT FACILITIES USED FOR SPECIAL ACCESS SERVICES**
20 **AND THOSE USED TO PROVIDE LOCAL SERVICES THAT WOULD**
21 **JUSTIFY PHYSICAL CHANGES UPON CONVERSION?**

22 **A.** No. The incumbent LEC loops and transport facilities used to provide local
23 exchange services are the very same loops and transport facilities that are used to
24 provide exchange access services, and, in both cases, they perform the same
25 function—transporting communications between a customer premises and a
26 carrier's network.¹⁴ Only artificial pricing distinctions – which are sustainable

13 *Verizon Response* dated May 31, 2001, Attachment A at 78.

14 Verizon seems to recognize this as well when it states that "the physical facilities used to provide a special access service to a CLEC must be the same facilities that will provide a

1 only due to lack of market alternatives and regulatory intervention -- account for
2 any difference between loop and transport configurations called special access
3 compared to loop and transport configurations called a UNE combination (or
4 EELs). This distinction in nomenclature is critical because of the implications for
5 costs that a CLEC incurs. Indeed, the fact that identical facilities are used for
6 access and local services is precisely why use restrictions were advocated by
7 Verizon and other incumbent LECs. Otherwise, there would be no reason to
8 artificially to limit competitive LECs from using loop-transport combinations to
9 provide exchange access services.

10 **Q. WHY DOES VERIZON OPPOSE THE LANGUAGE THAT AT&T**
11 **INCLUDES TO REFLECT THE PROVISIONS OF 51.315(B)?**

12 **A.** Verizon asserts that it is frequently “necessary for Verizon to ‘physically
13 disconnect, separate, alter or change’ the equipment or facility in order to
14 complete” AT&T’s request.¹⁵ However, examples relied upon provide absolutely
15 no credible support to the Verizon position.

loop-transport combination requested by the CLEC, and Verizon will not rearrange such facilities in connection with conversion.” See “Verizon-North and Verizon-South Guidelines for Converting Special Access Services to Loop-Transport Combinations”. Version 1.1 (April 2001) at 2. This statement supports AT&T’s position in two significant ways. First, it recognizes that the underlying facilities involved in a conversion are indeed the “same facilities”. Second, with respect to Issue III.7.A., where AT&T argues that Verizon should not be permitted to physically disconnect, separate, alter or change the underlying facilities that are involved in a conversion, Verizon itself indicates that it will “not rearrange such facilities in connection with conversion.” It is therefore difficult to understand why Verizon opposes AT&T’s language on Issue III.7.A. when Verizon itself recognizes that it will “not rearrange” the underlying facilities involved in a conversion.

15 *Verizon Response* dated May 31, 2001, Attachment A at 78.

1 In response to AT&T Discovery (AT&T 3-13) where AT&T asked
2 “[p]lease identify and list all instances in which VZ-VA believes it is technically
3 necessary to disconnect existing services and/or facilities that AT&T requests to
4 have replaced by UNEs and/or UNE combinations,” Verizon was only able to
5 identify three instances: UNE-P, change of retail local service to UNE-L, and line
6 splitting. Notably absent is any reference to loop-transport combinations.

7 In the case of UNE-P, Verizon notes “Conversions to UNE-P
8 combinations require translation work but should *not* involve disconnection of
9 service.”¹⁶ Nevertheless it mentions a Centrex to UNE-P conversion and the
10 need to load balance as exceptions. While conversions of Centrex to UNE-P may
11 be possible and may actually be occurring somewhere in the marketplace, Verizon
12 has not shown that the exception should consume the rule or, for that matter, that
13 the situation is even relevant to special access to UNE combinations. Load
14 balancing is a red herring for conversions – if the frame was either balanced or
15 unbalanced before a conversion the same balance/imbalance would exist post
16 conversion.

17 AT&T does not dispute that converting active retail service to UNE-L
18 involves a physical disruption of service as a result of the change. However,
19 whether or not a disruption is involved is completely irrelevant to service-to-
20 UNE-combination conversions -- Verizon does not provide a UNE combination
21 after a hot-cut is performed.

¹⁶ Verizon Response dated July 12, 2002, to AT&T Data Request 3-13 (emphasis added).

1 The third example held up by Verizon, a line sharing to line splitting
2 conversion, may involve a change in the service configuration but only when the
3 data CLEC changes. Unless the data CLEC changes – something that a customer
4 would not ordinarily opt to do with operating DSL – no disconnection of elements
5 is required. Here, as earlier, Verizon seeks to have an unlikely exception
6 consume the rule.

7 Finally, Verizon previously asserted that the presence of IDLC might
8 require physical disruption of the UNE-P combination.¹⁷ Apparently, it has
9 rethought this position before responding to AT&T's subsequent data request.¹⁸
10 When AT&T converts a local service that employs an IDLC loop terminating on
11 the ILEC local switch to UNE-P, there is no need to change the loop to either
12 copper or UDLC. Such a change is required only when the customer is hot cut to
13 another carrier's network. As discussed before, where a hot cut occurs, Verizon
14 would not be providing a UNE combination.

15 Thus, all the identified examples supplied by Verizon are either
16 exceptionally rare occurrences or irrelevant situations. Verizon's objection is
17 therefore baseless and AT&T's language should be adopted as written.

18 **Q. DOES CONVERSION OF ACCESS SERVICES TO UNE**
19 **COMBINATIONS NECESSARILY RESULT IN DEGRADATION OF**
20 **PERFORMANCE OR OPERATIONAL SUPPORT?**

21 **A.** No. Just as there is no need to disrupt the physical configuration, there is no a
22 priori requirement that the supporting operational processes be disrupted either. If

17 Verizon Response dated May 31, 2001, Attachment A at 78.

18 Verizon Response dated July 12, 2002, to AT&T Data Request 3-13.

1 the support processes are left unchanged – a clear option for Verizon – there
2 should be no degradation of support. Furthermore, one of the UNEs clearly
3 identified by the FCC is Operations Support Systems. The OSS includes all the
4 human and mechanized procedures that support the key operational procedures
5 (i.e., pre-ordering, ordering, provisioning, maintenance and repair, and billing)
6 that permit UNEs to be employed by CLECs. Obviously the OSS UNE, just as a
7 loop or a dedicated transport UNE is part of a single combination that currently
8 operates in an integrated manner to provide access services today. The language
9 reflected in AT&T's § 11.13.5.2 is simply an explicit acknowledgement of the
10 Commission's requirement set forth in § 51.315(b) of the Commission's Rules.
11 Verizon may not "disconnect" OSS UNEs employed to support wholesale/access
12 UNEs employed to support EELs if such a "disconnection" degrades the
13 operational support delivered for the combination, such as the EELs.

14 **Q. DOES VERIZON INDICATE THAT ITS SUPPORT FOR THE EELS**
15 **COMBINATION MIGHT BE SUB-STANDARD COMPARED TO THE**
16 **PREVIOUSLY EXISTING SPECIAL ACCESS CONFIGURATION?**

17 **A.** Yes. Although Verizon states in its response to AT&T 3-17 "[F]or UNE-P
18 provisioning and maintenance standards are based on those of comparable retail
19 services where a comparable retail service exists." On the other hand, when it
20 comes to EELs, Verizon inexplicably take a different position¹⁹:

21 "For EELs (loop transport combinations), the provisioning
22 intervals are based upon the standard intervals associated with the
23 individual UNEs that comprise the loop/transport arrangement,"
24 and "at least on an interim basis, the maintenance associated with
25 these conversions is the same as special access."

19 *Id.*

1 **Q. IS VERIZON'S POSITION SUPPORTABLE?**

2 **A.** No. Verizon apparently seeks to justify its position through distraction by
3 engaging in semantic gymnastics, such as by calling the supporting OSS
4 “protocols,” and asserting that AT&T nefariously seeks a parity standard between
5 the EELs combination and special access services. The arguments are
6 unavailing.²⁰ Simply declaring that a particular support process is a “protocol”
7 does not somehow override the unbundling obligation for OSS nor permit the
8 incumbent to “disconnect” the supporting OSS from the combination of elements.
9 To permit otherwise would permit the incumbent LEC to potentially render the
10 combination unusable for all practical purposes. This is precisely why the
11 incumbents were required to support UNE-P operations in the same manner as its
12 retail operations.²¹ The only exception with respect to ILEC obligations related
13 to OSS access is that CLEC access to back office systems and other support may
14 be mediated by a nondiscriminatory OSS interfaces. Nothing in the preceding
15 argues against a requirement that the EELs combination support be at parity to an
16 equivalent (*i.e.*, replaced) special access service configuration. In particular,
17 CLEC access to the back office support systems that could support the EELs
18 combination is currently mediated through existing ASR and maintenance
19 interfaces.

20 **Q. HAS VERIZON ELECTED TO PERMIT EELS TO REMAIN WITHIN**
21 **THE DOMAIN OF ACCESS-RELATED OSS ELSEWHERE IN THE**
22 **VERIZON TERRITORY?**

20 *See* Verizon Response to AT&T, Issue 181, at 93.

21 *UNE Remand Order* at ¶ 431.

1 A. Yes. Verizon's own guidelines for Special Access to UNE conversions
2 specifically calls for such circuits to remain in the domain of Special Access for at
3 least some period of time.²²

4 **Q. IS A PARITY STANDARD BETWEEN THE SUPPORT OFFERED FOR**
5 **SPECIAL ACCESS SERVICES AND THE SUPPORT OFFERED FOR**
6 **EELS COMBINATIONS APPROPRIATE?**

7 A. Yes, particularly as discussed above nothing in the configuration is charged in the
8 so-called conversion process. Furthermore, Verizon's apparent claim that a parity
9 standard should not apply when an access service (or any other service for that
10 matter) is converted a UNE combination is totally unsupportable. In fact the
11 Commission's own interpretation of the parity standard defeats this argument: "a
12 number of OSS functions provided to competing carriers have an analogue
13 associated with a BOC's retail operations and, therefore, equivalent access, as
14 measured by those analogues, would be the standard of performance required by
15 section 271 for those OSS functions."²³

16 In support of a claim that parity to special access is inappropriate, it seems
17 that Verizon relies solely on a claim that special access is not a "retail analogue"
18 because it is a wholesale service. Even if that were correct, such legal
19 hairsplitting does not withstand scrutiny. But it is not correct, because retail
20 customers may and do purchase from the access tariffs of Verizon. More telling,
21 it is irrelevant whether a parity measure is a "retail" or a "wholesale" measure.

22 See Verizon –North and Verizon-South Guidelines for Converting Special Access to
 Loop-Transport Combinations, Version 1.1, Released April 2001, at 5.

23 *Ameritech Michigan 271 Order* at ¶ 142.

1 What matters is that it in fact provides the same functionality, and compares the
2 performance that Verizon delivers to its CLEC customers with the performance
3 Verizon provides to itself or its affiliates.²⁴

4 Verizon's opposition to AT&T's proposed contract language²⁵ is a thinly
5 disguised strategy to further impair AT&T's ability to replace services with UNE
6 combinations. AT&T's language is fully supported by reasonable interpretation
7 of FCC Orders and rules implementing the Act and should be adopted to promote
8 this process, to clarify the means for doing so and reduce the potential for
9 continued litigation on this issue and to ensure customers obtain competitive
10 options.

11 SUB-ISSUE III.7.B	Must Verizon implement an ordering process that enables AT&T
12	to place a bulk order for the conversion of services to UNEs or
13	UNE Combinations?
14	(Verizon's issue VII-11 is a restatement of this issue. This
15	testimony covers that issue as well.)

16 **Q. SHOULD VERIZON BE REQUIRED TO IMPLEMENT A PROCESS**
17 **THAT ENABLES AT&T TO MAKE BULK CONVERSIONS OF**
18 **SERVICES TO UNES OR UNE COMBINATIONS?**

19 **A.** Yes. Verizon should implement a process that enables AT&T (or any other
20 CLEC) to undertake a bulk conversion of services to UNEs and/or UNE
21 combinations. In particular, Verizon should be required to provide the conversion
22 of special access to UNE configurations on a bulk basis because the pent-up
23 demand for such conversion is largely a result of Verizon's own intransigence. In

24 In repeated § 271 evaluations, including those proffered by Verizon, the company relied upon a comparison of results between special access configurations and UNEs as proof that it delivered non-discriminatory access to OSS.

25 See AT&T's Proposed Interconnection Agreement at § 11.13.5.2.

1 the ordinary course of business, once use restrictions are lifted and conversions
2 are permitted, AT&T will not likely order special access when it can order UNEs
3 or UNE combinations to provide any telecommunications service. At least in
4 Virginia, Verizon has appears to have no interest in expediting special access
5 reconfigurations to UNE pricing, because the longer the facilities and equipment
6 continue to be billed at special access rates instead of UNE rates the greater
7 Verizon's unearned windfall.

8 **Q. WHO BENEFITS FROM ADOPTING AT&T'S PROPOSED CONTRACT**
9 **LANGUAGE?**

10 **A.** Surprisingly, AT&T and its customers aren't the only beneficiaries of more
11 precise proposed contract language. Instituting a process of bulk conversions
12 through AT&T's proposed language is mutually beneficial. AT&T is not the only
13 winner if its contract language is adopted. In fact Verizon's own Guidelines for
14 Conversion specifically recognizes the value of such a bulk conversion process,
15 and outline a five-step process to allow for such a conversion.²⁶ Further, Verizon
16 has made a commitment to seek to develop methods and procedures that remove
17 any requirement to submitted new service orders to finalize such conversions.²⁷
18 Therefore, it is not unreasonable for Verizon to be obligated to support a project-
19 oriented (*i.e.*, a bulk facility-oriented conversion) as well as an individual
20 combination oriented (*i.e.*, customer –specific) conversion process. The value of
21 being able to convert services to UNE combinations in a reasonably standardized

26 See Verizon–North and Verizon-South Guidelines for Converting Special Access to Loop-Transport Combinations, Version 1.1, released April 2001.

27 *Id.*

1 manner is beyond dispute. The pro-competitive impact of converting of
2 individual customer retail local services to UNE-P combinations is evident in both
3 the New York and Texas markets. The ordering process, however, must be
4 aligned with the activity being undertaken. Using a customer-specific ordering
5 process to effect changes to entire facilities, as happens when special access
6 services are converted to EELs, is like using a screwdriver to set a nail – it is the
7 wrong tool for the purpose.

8 **Q. IF VERIZON ALSO BENEFITS FROM THE PRECISION OFFERED BY**
9 **AT&T'S PROPOSED CONTRACT LANGUAGE, WHY SHOULD IT**
10 **OBJECT TO ITS ADOPTION?**

11 **A.** Verizon objects to AT&T's language that obligates Verizon to support a bulk
12 conversion process (§ 11.13.4). The basis for this objection is that Verizon's
13 ordering process is "based on industry guidelines", that it will not develop "a
14 separate ordering process for AT&T", and "that Verizon does not accept multiple
15 requests in a single notice."²⁸

16 Verizon's position is difficult to comprehend in light of Verizon's
17 response to AT&T DR 3-6.²⁹ With respect to whether or not its process is based
18 on industry guidelines, Verizon states it does not assert that its procedures are
19 based either upon ordering formats, or implementation procedures beyond those
20 developed by Verizon for its own use.³⁰ Verizon's statement regarding refusal to
21 accept multiple requests on the same order is also difficult to square with

28 Verizon Response to AT&T, Issue 179, at 91.

29 A copy of Verizon's Response to AT&T DR 3-6 is attached to this testimony as Attachment 1.

30 Verizon Response to AT&T DR 3-6, Attachment 1.

Verizon's response to AT&T DR 3-6 where Verizon responds: "Verizon developed a process whereby CLECs can submit multiple circuit for conversion on one data template spreadsheet."

Q. DOES VERIZON EMPLOY AN INDUSTRY STANDARD PROCEDURE FOR CONVERTING SPECIALS ACCESS CONFIGURATIONS TO EELS?

A. No. Although Verizon wishes to give the impression that it has an "industry standard" process in place,³¹ its responses (or perhaps more correctly lack of responses) to AT&T's Discovery Requests exposes this fallacy. As reflected in the response to AT&T DR 3-6, it is clear that the only extent to which the process is an "industry standard" is that Verizon unilaterally made it applicable to all carriers operating in Virginia.³² When asked to identify what industry members provided input to the design of the conversion process, Verizon answered an entirely different question.³³ One can only conclude, as a result, that no industry input was sought.

In the final analysis, the position of Verizon is hypocritical:

Verizon proposes that the parties are not required to implement a version of an industry standard and may modify the use of such industry standards subject to notice ... Verizon VA requires the flexibility to modify industry standards ... national standards would not necessarily apply to Verizon VA's OSS as implemented ... an industry standard may apply to a product that Verizon VA does not provide.³⁴

³¹ See Verizon Reply dated May 31, 2001 to Issue III-7, at 83.

³² See Verizon Response to AT&T DR 3-6(B) & (C), Attachment 1.

³³ See Verizon Response to AT&T Data Request 3-6(D), Attachment 1.

³⁴ Verizon Response to AT&T Issue List (Oct. 20, 2000), at 101, Issue 189.